CANADEXPORT

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World's biggest customer may want you

Over 100 Canadian companies work hard to win contracts with a buyer that makes no commitment to buy anything.

The U.S. federal government, the world's biggest customer, uses a special procurement system to pre-negotiate the purchase of products and services so that it doesn't need to go through a complex process each time it wants to purchase things like pens, chairs or office furniture.

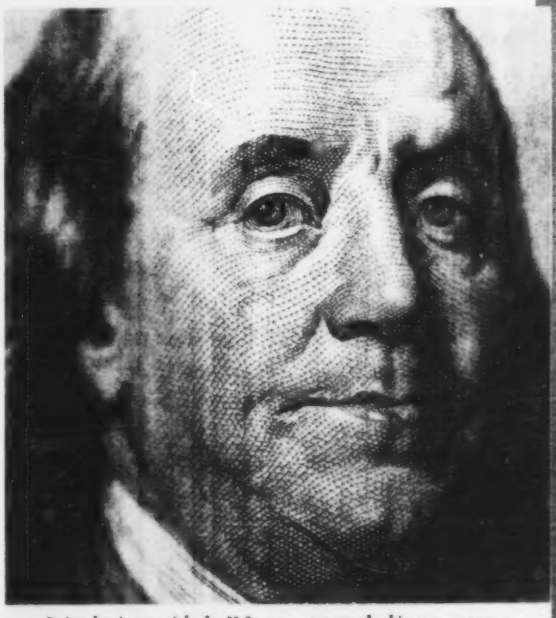
The system, known as General Services Administration Schedule Contracts (or GSA schedules), is an indefinite-delivery, indefinite-quantity agreement. The U.S. federal government centrally negotiates the pricing and other conditions under which vendors offer government buyers over 53 different kinds of products and services that they already supply to the commercial market. Many American government buyers prefer these GSA schedules among the kinds of contracts they can use to purchase high-volume, common-use items.

Canadian businesses have been doing well using GSA schedules. Last year, 103 of the 707 Canadian companies who won U.S. government contracts sold over $62 million through GSA schedule contracts.

Canadian successes

Office furniture manufacturers led the way with over $20 million in sales. Top vendor Krug Furniture of Kitchener, Ontario, is among 25 Canadian furniture companies with GSA schedule contracts.

A total of 57 Canadian IT providers with combined GSA sales came a close second, with just over $19 million. David Martin, Co-CEO of leading vendor SMART Technologies of Calgary, Alberta, learned early on about GSA schedules. "When we began to pursue U.S. government buyers, prospects kept asking us if we were on a GSA. So we realized that this was important," says Martin.



Doing business with the U.S. government, the biggest customer in the world, can be great for business.

"At the initial stages, we got experts to help us prepare our proposal for GSA. After all, just because you read the solicitation doesn't mean you have all the knowledge you need to navigate your way through the complex terms and conditions."

see page 2 - GSA success takes time...and a plan

Foreign Affairs and International Trade Canada
Affaires étrangères et Commerce international Canada
Canada

2007-01848/

GSA success takes tim... and a plan continued from page 1

A GSA schedule doesn't guarantee any sales. The proposal and negotiation process costs every company a unique combination of time and money, and takes special marketing expertise and careful relationship-building. The top companies have taken 10 or 15 years to build that level of sales, from signing a GSA schedule contract and seeing the first dollars flow, to making a consistent profit.

"In addition to understanding how federal procurement works, relationships are of critical importance, both with GSA contract administrators and federal agency customers," says Mike Boehmer, Director of GSA Sales for Krug. His team managed to turn early difficulties into an advantage.

"GSA believed there were deficiencies in testing data for one of our product lines," he said. "But even though we didn't win that contract, we gained a lot of credibility and respect by being honest and graceful in the way we did things."

Krug went on to foster very good long-term relationships with key senior GSA personnel. "Our GSA business has grown double digits every year since 1995," said Boehmer, whose efforts landed over $10 million in U.S. government contracts last year.

Use GSA in your marketing

Washington D.C.-based consultant Judy Bradt, a former Canadian trade commissioner and now principal of Summit Insight, points out that a specially-designed marketing campaign to drive GSA sales is key. "You can adapt a marketing campaign from your commercial market with modest expense. Government buyers notice when you tailor your online and print materials to them—and when you don't," she says.

Colin Hung, senior director of business development with Performancesoft in Toronto, agrees. His team produces brochures focused on government buyers' needs. "The U.S. government has issues that are unique and do not translate from the commercial world," says Hung, whose company made $500,000 in U.S. government sales last year.

Many Canadian companies also test the market by subcontracting to American partners with GSA contracts. But Bradt has some reservations about this approach. "Businesses sacrifice margin to a partner who handles much of the cost, work proposal, negotiation and contract administration, but companies must still do their own marketing."

According to Bradt, it's important to look at the bigger picture. "GSA contracts are only one option. In fact, GSA schedules account for only 5% of Canada's over $1 billion in total U.S. federal contracts in 2005. Those numbers tell the real story: the U.S. government has many ways to buy, and smart vendors learn them all. The next edition of *CanadExport* will take a look at some of the other ways exporters can sell to the U.S. government.

For more information, go to www.gsa.gov, https://fsstraining.gsa.gov, www.international.gc.ca/sell2usgov and www.summitinsight.com.

Selling to the U.S. government could be right for you if your company is:

- performing strongly in Canada and selling to U.S. commercial customers;
- already doing business with the Canadian government;
- gaining interest and winning some initial sales from U.S. government buyers; and
- able to invest two to three years of business development efforts.

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Fashion initiative promotes benefits of sourcing Canadian

Canadian apparel companies are getting a substantial public relations boost with the debut of *Wear?Canada!*, a marketing initiative aimed at promoting the best of Canadian fashion to the U.S. and abroad.

Created by the Canadian Apparel Federation—the national non-profit association that represents firms involved in every sector of apparel manufacturing and fashion in Canada—the initiative's strategy is to target high-growth sectors like men's and women's tailored clothing, activewear, sportswear, outerwear and intimate apparel, and to execute marketing programs that would drive economic growth, primarily through exports.

Since its launch last year, *Wear?Canada!* programs have run in major markets throughout the U.S., Europe and Asia.

Export-ready fashion firms are supported by *Wear?Canada!* publications, including four sector-specific brochures, outreach events for exhibitors and buyers, trade advertising, and by facilitating numerous exhibitor programs in the U.S. and overseas.

Canadian designer Arthur Mendonça, who has been compared to Gucci's Tom Ford, is one of Canada's rising fashion stars.

The Canadian Apparel Federation is getting positive feedback from trade officers, plenty of visits to *Wear?Canada!* kiosks and pavilions, website hits, media response and buyer enthusiasm. Recently, in fact, two Canadian companies found U.S. representatives for their products after attending a *Wear?Canada!* event.

"Canadian manufacturers and designers have tripled their successes in the Chicago marketplace through the Canadian Consulate General in Chicago's Apparel Rep Locator, and we are partnering with the Canadian Apparel Federation through the *Wear?Canada!* program to further provide both visibility and increased service to our Canadian clients," says Ann Rosen, Trade Commissioner with the Canadian Consulate General in Chicago.

"Canadian firms have an edge," says Elliot Lifson, president of the Canadian Apparel Federation and vice-chairman of Peerless Clothing. "Our ability to successfully target niche markets, provide innovative quality products at superb value and our ability to service the customer are unparalleled. In our highly competitive environment, promoting the benefits of sourcing Canadian is vital," maintains Lifson.

Initially, *Wear?Canada!* targeted key U.S. markets and shows like Stylemax Chicago, Lingerie Americas in New York and MAGIC in Las Vegas, but the Canadian Apparel Federation expanded it to other regions around the world, including Japan and Germany.

Canadian Apparel Federation marketing and communications consultant Eileen Melnick McCarthy oversees the *Wear?Canada!* programs and has worked with a number of Foreign Affairs and International Trade Canada officers in the U.S. and abroad to produce its market-specific programs.

"*Wear?Canada!*, together with Foreign Affairs and International Trade Canada, is planning a trade mission to Japan in January 2007," says Melnik McCarthy. "Canadian designers and manufacturers know the Japanese market is important and the Canadian Apparel Federation recently completed a brochure promoting export-ready firms to the Japanese retail sector." As a precursor to the trade mission, the federation is hosting a series of seminars in Toronto, Montreal and Vancouver in November on best practices for entering the Japanese market.

For more information, contact Eileen Melnick McCarthy, Canadian Apparel Federation, tel.: (613) 231-3220, email: emelnick@apparel.ca, website: www.wearcanada.ca.

Upcoming Wear?Canada! Events

- **Japan Trade Mission** (January 2007)
- **Munich's ISPO Pavilion** (February 4-7, 2007)
- **Las Vegas MAGIC** (February 13-16, 2007)
- **POOL Pavilion** (February 14-16, 2007)
- **New York's Lingerie Americas** (February 11-13, 2007)
- **Stylemax Chicago** (March 24-27, 2007)

Virtual Trade Commissioner

An evolving world of trade knowledge

In the export business, having the right information, making the right contacts and getting the right business leads are essential to our clients' international success.

The Canadian Trade Commissioner Service has more than 900 trade commissioners in over 150 offices at home and abroad, working to open doors for Canadian exporters. Communicating quickly and effectively with clients is our priority. To that end, we have embraced technologies and processes that support international business. With the launch of InfoExport.gc.ca in the 1990s, we began providing Canadian exporters with access to information on many markets and sectors. As emerging technologies allowed for more one-to-one communication, we realized that we could develop a more powerful, customized channel to suit exporters' information and service needs. As a result of extensive consultation with both clients and trade commissioners around the world, the Virtual Trade Commissioner (VTC) was created.

The rise of the VTC: Access to personalized information and services

The VTC offers immediate access to information, resources and exporting services. Based on preferences, you receive in-depth country information, market reports and timely, sector-specific news delivered right to you, whenever you decide. Secure and personalized, your VTC gives you access to information about trade events and missions, as well as the ability to register for networking opportunities or to set up a face-to-face briefing with a trade commissioner in Canada or in your target market.

The rise of the VTC has been impressive; by March 2005—just two and a half years after its introduction—VTC subscription reached over 15,000 qualified Canadian exporters and partner clients. The VTC has also undergone substantial service improvements; with the implementation of a new electronic client relationship management system, subscribers will soon be able to see the status of their service requests directly on their screens.

VTC and the partnership era

To provide exporters with the expertise of Canada's international trade specialists in an easy-to-use framework, the Virtual Trade Commissioner is now partnering with a growing number of government departments and trade promotion organizations. These include Agriculture and Agri-Food Canada, Canadian Heritage, Export Development Canada and the Canadian Commercial Corporation.

Through the VTC, you can now have access to more comprehensive services and information to help you refine your export strategy, receive sector-specific and financial advice and secure export financing. You can also manage risk with credit checks on potential buyers and receivables insurance. International contracting specialists can even help you close deals and offer the backing of the Canadian government.

Exponential value: What the VTC means for you

Your Virtual Trade Commissioner is one of the most sophisticated on-line trade service and information tools—an ever-growing source for export contacts, links and reports matched to your specific international business interests. Exporters will experience increasing benefits from the integration of partners' information and services.

The more you use your Virtual Trade Commissioner, the more you will leverage your global advantage. Your VTC helps to bring your business to the world—and the world to your business—every time you visit.

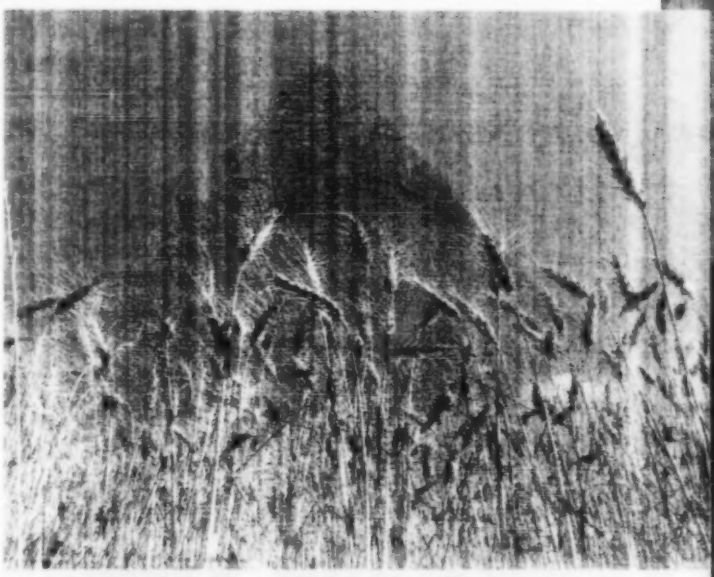
Find out more at:

Canada cracks Egyptian wheat market

Canada has made a significant breakthrough in wheat sales to Egypt. So far for 2006, Canada sold 350,000 tons of wheat to Egypt worth some $45 million. Just recently, the Ontario Wheat Board won a tender for the sale of 60,000 tons of wheat worth some $9 million.

"This is the first time Canada has made significant wheat sales to Egypt since 1977," says Dana Omland, marketing manager of the Ontario Wheat Board, noting that Egypt is the world's largest buyer of soft wheat.

Egypt's General Authority For Supply Commodities, or GASC, bought the 60,000 metric tons of Canadian soft red wheat. The wheat was purchased at $141 per metric ton and was shipped in September and these sales were made over just a three-month period.



Wheat by the pyramides? Not likely, but it's no mirage that Canadian wheat sales to Egypt have skyrocketed this year.

Embassy role

The Canadian Embassy in Egypt had a hand in sealing the deal. Over the past year, trade commissioners worked to promote Canadian wheat to GASC. Until then, GASC had been reluctant to buy Canadian wheat due to its high level of moisture. Because of this, Canada had not been able to sell wheat to Egypt for the last three years.

To allay lingering worries over Canadian wheat, the embassy's trade commissioners suggested Omland travel to Egypt to meet the potential buyer, better understand his needs and address issues related to the level of moisture and quality. Omland left confident that the Ontario Wheat Board would sell wheat to Egypt. With this year's sales, Canada is now considered a major exporter of wheat to Egypt.

For more information, contact the Canadian Embassy in Egypt, tel.: (011-20-2) 791-8860, fax: (011-20-2) 791-8865, email: cairo-td@international.gc.ca, website: www.infoexport.gc.ca/eg.

Canadian Chamber of commerce launched in Egypt

Business between Canada and Egypt will get a boost with the recent launch of the Canadian Chamber of Commerce in Egypt.

"It is hoped that the chamber of commerce will help to increase trade and investment between Egypt and Canada as well as strengthen our cultural relationship," said Dr. Fayez Ezeldin, general secretary of the chamber of commerce.

At the launch, Canadian Ambassador to Egypt Philip MacKinnon welcomed the chamber of commerce as a newcomer in the Canada-Egypt bilateral trade community and congratulated Egyptian efforts in liberalizing its economy.

"The Canadian Chamber of Commerce in Egypt will play a vital role in building bridges between Canadian and Egyptian business communities," adds Ezeldin.

Canadian exports to Egypt increased by 54% in 2005 and reached a record level of $311 million. Canada's top five exports were coal, newsprint, iron ores, lentils and helicopters. In 2005, Egyptian exports to Canada reached $148 million, a decrease of some 30% from 2004.

For more information, go to www.cancham.org.eg.

Canadian construction show attracts the world

Toronto, November 29-December 1, 2006 > International trade and business opportunities for Canadian construction services, building products and technologies will be a major focus at **Construct Canada 2006**.

With over 1,100 exhibits and some 21,000 attendees expected, Construct Canada will feature the latest in new Canadian products and technologies used for the design, construction, operation, retrofit and renovation of all types of buildings.

As part of Construct Canada, Team Canada Inc partners have organized an international business program—a unique opportunity for Canadian companies to unlock new markets and for international visitors to meet export-ready Canadian firms.

Programs and services for firms doing business internationally

This session will provide an overview of programs, services and resources offered by the federal and provincial government and Crown corporations to assist Canadian firms in exporting their products and services.

Russia's construction boom

This seminar will examine the residential and commercial construction markets in Russia, highlight some of the opportunities for Canadian firms, as well as examine the strategies and secrets of success that companies needs to succeed in the growing Russian construction market.

High-rise building technologies

Most buildings are not designed to be as environmentally friendly as they could be. This session will explore building science issues and provide guidance to enhance envelope design, energy performance, indoor air quality, environmental performance, accessibility and green infrastructure. Join some of Canada's leading building researchers as they present their expertise, knowledge and best practices on innovation in the design and construction of high-rise buildings.

Networking luncheon

This will be an opportunity to meet and network with international visitors and foreign companies in the construction and building products sector. Admission for the luncheon for international visitors and Canadian companies is included in the registration fee.

Networking forum and Export Café

Canadian architects, contractors, engineers, manufacturers and suppliers can meet with Canadian trade commissioners from key foreign markets to discuss export opportunities in their respective markets. International delegates will have the opportunity to connect with Canadian companies that have an interest in their market. Delegates must pre-register and complete an online company profile to facilitate the pre-arranged meetings.

Construct Canada is held concurrently with the HomeBuilder & Renovator Expo, PM Expo, Concrete Canada, DesignTrends, the National Green Building Conference and Infrastructure 2006. The program at Construct Canada is a coordinated by Foreign Affairs and International Trade Canada, CMHC International, Ontario's Ministry of Economic Development and Trade and the Canadian Construction Association.

For more information, go to www.constructcanada.com, or contact York Communications, tel.: (416) 512-1215, ext. 221, email: evelyn@yorkcom.to, website: www.constructcanada.com.

Build on solid ground in Florida

Orlando, February 7-11, 2007 > Join the Canadian pavilion at the **International Builders Show**, the largest residential building and design exhibition in the U.S. Canadian businesses will be sure to stand out as Canada will have the only national pavilion at the show, which is attended by over 100,000 designers, builders, architects, developers, engineers, merchants and key decision makers. The Canadian Consulates General in Miami and Atlanta, in collaboration with Canadian Export Development Inc., are coordinating Canada's participation. Organizers will target key decision makers and buyers in government and industry to visit the Canadian pavilion.

For more information, contact Robert Grison, Canadian Export Development Inc., tel.: (613) 825-9916, fax: (613) 825-7108, email: cced@sympatico.ca, website: www.canbuild.org, or William B. Stolz, Canadian Consulate General in Atlanta, tel.: (404) 532-2017, fax: (404) 532-2050, email: william.stolz@international.gc.ca, website: www.atlanta.gc.ca, website: www.buildersshow.com.

The Middle East's premier security exhibition

Dubai, January 21- 23, 2007 > Canadian buyers and sellers of computer security systems, coastguard equipment and even fire and smoke detectors may wish to attend **Intersec 2007**, the Middle East's premier exhibition for hi-tech products and equipment related to the security industry.

Last year's show attracted over 14,000 industry professionals from the Middle East, Europe and Asia. Some 440 exhibitors from 40 countries participated.

This year's show will focus on products related to commercial, police and homeland security, as well as fire protection and health and safety. Everything from fencing and protective clothing to hi-tech biometrics will be featured.

The Canadian Consulate in Dubai is supporting the Canadian pavilion at Intersec 2007.

The United Arab Emirates serves as a hub for the markets of the Gulf region, Indian sub-continent, Iran and Commonwealth of Independent States. This fair offers a chance for Canadian firms to showcase their products and services to all these markets under one roof.

For more information contact Fouad Soueid, Canadian Consulate in Dubai, email: fouad.soueid@international.gc.ca, or Venky Rao, exhibition organizer in Canada, tel.: (905) 896-7815, email: venkyrao@rogers.com, website: www.intersecexpo.com.

Colombian event profiles Canada's oil and gas industry

Cartagena, December 3-5, 2006 > Canadian companies in the oil and gas sector interested in doing business in Colombia are encouraged to participate in the **International Oil and Gas Investment Conference**, one of the most important events of its kind in the Andean region. The conference will feature Canada as the profiled country in what Colombian government officials call "The Canadian-Colombian Petroleum Year."

Numerous events will take place to promote the sale of Canada's technology and services in the oil and gas sector. Sponsors include Canada-based Solana, Enbridge and Petrominerales as well as other major multinational companies such as Petrobras, Exxon-Mobil, Oxy, Ecopetrol, Repsol and BP.

For more information, go to www.oilandgascolombia.com, or contact the Canadian Embassy in Colombia, tel.: (011-57-1) 657-9800, fax: (011-57-1) 657-9915, email: bgota-td@international.gc.ca.

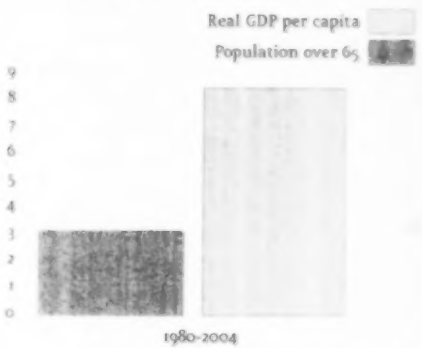
Burden of China's aging population mitigated by income

China's 1.3 billion people are aging, with those above age 65 rising from 5% of the population in 1980 to 8% by 2004, resulting in a growing number of elderly to support. Meanwhile, the portion of people under 15 has been falling, so China will face, proportionally, an even greater elderly population in the future and fewer people entering the labour force to support them. This will create a drag on China's growth; however, the overall impact will be mitigated by rising incomes. From 1980 to 2004, China's over-65 population doubled, but real GDP per capita increased seven-fold. Thus, while the elderly population continues to grow, the funds available to support them are growing faster, suggesting that the stress created on the economy will be manageable.

Provided by the Current and Structural Analysis Division, Office of the Chief Economist, www.international.gc.ca/eet.

FACTS & FIGURES

Annual average growth: Population over 65 and real GDP (percent)



Data: World Bank's World Development Indicators; growth rate is compound average annual growth rate.

TRADE EVENTS

AEROSPACE & DEFENCE

Tucson, November 13-14, 2006 > Canadian companies producing products, commercializing technology or conducting research in the security devices and applications sector are encouraged to attend **ComDef**, a conference that will focus on technologies for border security, defence and commerce.
Contact: Rick Stephenson, Canadian Consulate in Tucson, tel.: (520) 622-3641, ext. 101, fax: (520) 622-8127, email: rick.stephenson@international.gc.ca, website: www.ideea.com/comdef06tucson.

San Diego, January 31- February 2, 2007 > Join the Canadian pavilion at the **Armed Forces Communications Electronics Association and the U.S. Naval Institute's Western Conference and Exposition**, the largest military and government technology exposition on the West Coast featuring products and services for communications, electronics, intelligence, information systems, imaging, military weapon systems, aviation and shipbuilding.
Contact: Jeffrey L. Gray, Canadian Consulate Trade Office in San Diego, tel.: (213) 346-2752, fax: (213) 346-2767, email: jeffrey.gray@international.gc.ca, website: www.west2007.org.

AGRICULTURE, FOOD AND BEVERAGES

Chandigarh, December 1-4, 2006 > Agrotech 2006, India's premier biennial agri-food fair, will focus on the country's ever-growing food processing industry, which is estimated to be worth some $90 billion.
Contact: Harleen Sharma, Canadian Consulate General in Chandigarh, tel.: (011-91-172) 505-0300, fax: (011-91-172) 505-0341, email: harleen.sharma@international.gc.ca, website: www.agrotech-india.com.

BUILDING PRODUCTS

Amman, November 6-11, 2006 > The **International Exhibition for Building Materials, Equipment and Technology for Jordan** is set to become one of the leading building sector trade fairs in the region.
Contact: Rose Wazani, IFP Near East, tel.: (011-962-6) 560-7900, fax: (011-962-6) 560-7904, email: projectjordan@ifpjordan.com, website: www.ifpjordan.com.

CONSUMER PRODUCTS

Munich, February 23-26, 2007 > Inhorgenta Europe 2007 is an international jewellery industry trade fair and will present the world's latest designs and innovations. Some 1,150 exhibitors from 47 countries will attend this event.
Contact: Brigitte Mertens, Munich Trade Fairs Canada, tel.: (416) 237-9939, fax: (416) 237-9920, email: bmertens@canada-unlimited.com, website: www.canada-unlimited.com.

CULTURAL INDUTRIES

Amman, December 7-9, 2006 > The International Education Establishment invites Canadian organizations to exhibit at **JETE 2006** for the recruitment of undergraduate, graduate and post-graduate programs.
Contact: Khalid Khalayleh, the International Education Establishment Canada, tel.: (905) 455-0057, fax: (905) 455-0015, or contact its Middle East regional office in Amman, tel.: (011-962-6) 553-8871, fax: (011-962-6) 553-8874, email: khalid@canadainternational.com, website: www.canadainternational.com.

ICT

Washington D.C., October 30-November 2, 2006 > Serious Games Summit/Partners in Learning brings together innovative Canadian technology companies to pursue partnerships with some of Washington's most dynamic systems integrators and government contractors. Partners in Learning is strategically timed to coordinate with the Serious Games Summit, a professional conference for the serious gaming sector.
Contact: C.J. Scott, Canadian Embassy in Washington D.C., tel.: (202) 448-6312, fax: (202) 682-7619, email: c.j.scott@international.gc.ca, website: www.canadianembassy.org/partnersinlearning.

Hong Kong, December 4-8, 2006 > ITU Telecom World 2006 expects to be the biggest telecommunications event held in the region and will likely attract over 5,000 companies from some 100 countries.
Contact: Brian Wong, Canadian Consulate General in Hong Kong, tel.: (011-852-2) 847-7414, fax: (011-852-2) 847-7441, email: brian.wong@international.gc.ca, website: www.itu.int/WORLD2006.

MULTI-SECTOR

Dhaka, November 11-December 10, 2006 > The Government of Bangladesh is organizing the **12th Dhaka International Trade Fair**, a great way for Canadian exporters to meet Bangladeshi business contacts.
Contact: Canadian High Commission in Bangladesh, tel.: (011-88-02) 988 7091/97, fax: (011-88-02) 882-3043, email: dhaka-td@international.gc.ca, websites: www.international.gc.ca/bangladesh and website: www.epb.gov.bd/ditf.

ENQUIRIES SERVICE

Foreign Affairs and International Trade Canada's Enquiries Service provides departmental information, publications and referral services to Canadian exporters. Contact us at: **1 800 267-8376** (National Capital Region: (613) 944-4000), TTY: (613) 944-9136, email: **enqserv@international.gc.ca**, website: **www.international.gc.ca**

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